



HOUSE BILL 187: Credit Union Update.

2025-2026 General Assembly

Committee:	House Rules, Calendar, and Operations of the House	Date:	March 25, 2025
Introduced by:	Reps. Howard, Bell, Balkcom, Liu	Prepared by:	Amy Darden
Analysis of:	Second Edition		Staff Attorney

OVERVIEW: *House Bill 187 would do the following:*

- *Expand the powers of the Administrator of Credit Unions (Administrator) by authorizing:*
 - *Additional civil penalties.*
 - *Removal of credit union officers.*
 - *Cease and desist orders.*
- *Expand the powers of credit unions to offer additional financial services.*
- *Expand the field of membership to:*
 - *Individuals and families in North Carolina that earn at or below the federal poverty threshold.*
 - *Persons residing in North Carolina census tracts where the population center is more than eight miles from a bank branch.*
- *Expand investment authorities.*

CURRENT LAW: Articles 14A through 15A of Chapter 54 of the General Statutes govern credit unions chartered in North Carolina. The Administrator and the Credit Union Division are housed within the North Carolina Department of Commerce. Credit unions can also operate under a federal charter.

Credit unions are cooperative, nonprofit associations, owned by its members, and organized for the purpose of encouraging thrift and creating a source of credit at fair and reasonable rates. Members of a credit union share a common bond, typically referred to as a field of membership. Under G.S. 54-109.26, examples of field of membership include: groups having a common bond of similar occupation, association, or interest; persons who reside within an identifiable neighborhood, community, or rural district; employees of a common employer; and members of the immediate family of those persons described above.

BILL ANALYSIS: House Bill 187 would do all the following:

Section 1 – Definitions:

- Add definitions for Administrator (Administrator of Credit Unions), Commission (Credit Union Commission), and Division (Credit Union Division).
- Make technical and clarifying changes.

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Section 2 – Article 14B – Supervision and Regulation:

- Allow the Administrator to assess a civil penalty not to exceed \$500.00 for violation of any section of Articles 14A to 15A of Chapter 54.
- Allow the Administrator to increase the amount of the penalty for a late report from \$75.00 to a range of \$75.00 - \$750.00 per day.
- Update record keeping requirements.
- Remove the requirement for the Administrator to establish rules and regulations relating to the selection of attorneys for credit union loan closings.
- Require administrative hearings to be conducted in accordance with Article 3A of Chapter 150B (Administrative Procedure Act), unless otherwise provided, and provide the procedure for an appeal.
- Expand the Administrator's ability to remove officers, directors, committee members, or employees, make the removal immediate upon service of the notice of removal, and provide a procedure to appeal for those subject to removal.
- Allow the Administrator to temporarily waive compliance or suspend compliance requirements during a natural disaster or national, regional, State, or local emergency.
- Create a new cease and desist authority, where the Administrator may issue and serve upon a credit union an order to cease and desist from one or more unsafe or unsound practices or violation if certain conditions are met.
- Give the Administrator authority to conduct an investigation, with background checks, of any employee, officer, director, or committee member when the Administrator has reason to believe the person is likely to affect the safety or soundness of the credit union, or when considering:
 - Applications for new charters.
 - Changes to those positions in credit unions in a troubled condition.
 - A managing agent or manager in a conserved credit union.
- Make technical and clarifying changes.

Section 3 – Article 14C – Powers of Credit Union:

- Expand lending to allow credit unions to lend to other credit unions, and cities as defined in G.S. 160A-1(2).
- Expand financial services offered, such as safe deposit boxes, custodial services, correspondent services, and electronic transfer of funds.
- Streamline the procedure to expel any member and provide a right to appeal to the credit union's board.
- Allow powers under Articles 14C to 14J of Chapter 54 to be exercised by credit unions, upon 45-day written notice to the Administrator, which provides parity with federal credit unions.
- Make technical and clarifying changes.

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Section 4 – Article 14D – Membership:

- Expand the field of membership by authorizing credit unions organized in North Carolina to extend membership to:
 - Individuals and families, in North Carolina, that earn income at or below the federal poverty threshold in North Carolina.
 - Persons residing in census tracts in North Carolina where the center of population is more than eight miles from a bank branch.
- Make technical and clarifying changes.

Section 5 – Article 14I – Investments:

- Expand allowed investments, including the following:
 - Change the aggregate amount allowed to be invested from 25% of reserve fund allocations to 12.5% of the credit union's net worth.
 - Small businesses involved in the development or exploitation of fintech products, in an aggregate amount not exceeding 1% of the credit union's net worth.
 - Common trust or mutual funds whose investment portfolios consist of securities otherwise permitted for credit unions.
 - Stock, securities, obligations, or other instruments approved by the Administrator.
- Eliminate mandatory divestment if the status or form of a credit union's investment changes during the life of the investment.
- Allow a credit union to make an otherwise impermissible investment to fund the credit union's employee benefit plan, subject to rules by the Administrator.
- Make technical and clarifying changes.

Section 6 – Conforming Changes:

- Remove the old appeals process language.
- Insert references to the new Hearings and Appeals section in G.S. 54-109.18A.

EFFECTIVE DATE: The bill would become effective January 1, 2026.